

Message Text

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16

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 ABF-01 PA-03 USIA-15 PRS-01 RSR-01

/171 W

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R 070817Z AUG 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8416

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE PRETORIA 2736

E.O. 11652: N/A

TAGS: EFIN SF

SUBJ: SA GOLD AND FOREIGN EXCHANGE RESERVES

REF: PRETORIA 2493

1. FOLLOWING ARE REPORTED SA RESERVE BANK HOLDINGS FOR
WEEKS ENDING JULY 13, JULY 20 AND JULY 27 (IN MILLION
RAND):

WEEK ENDING:	GOLD	FOREIGN EXCHANGE TOTAL
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JULY 13	565.6 (PLUS1.8)	661.4 (PLUS16.2) 1,227.0 (PLUS18.0)
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JULY 20	567.4 (PLUS1.8)	674.3 (PLUS12.9) 1,241.7 (PLUS14.7)
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JULY 27	568.6 (PLUS1.2)	685.9 (PLUS11.6) 1,254.5 (PLUS12.8)
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INCREASE IN GOLD HOLDINGS REPRESENTS APPROXIMATELY 11.5 PERCENT OF THE TOTAL ESTIMATED WEEKLY PRODUCTION FOR THE WEEKS ENDING JULY 13 AND JULY 20 AND APPROXIMATELY 7.6 PERCENT OF ESTIMATED PRODUCTION FOR THE WEEK ENDING JULY 27.

2. FURTHER ROUGH EMBASSY CALCULATIONS BASED ON PUBLIC QUOTATIONS INDICATE THAT DURING PERIOD JULY 6 - AUGUST 3 RAND DEPRECIATED 1.3 PERCENT AGAINST THE GERMAN MARK (LOCAL PUBLIC SELLING RATE) AND .8 PERCENT AGAINST THE YEN BUT WAS UP 2.3 PERCENT AGAINST STERLING AND .6 PERCENT AGAINST THE FRENCH FRANC. THESE CHANGES DO NOT RPT NOT APPEAR OF SUCH MAGNITUDE AS TO PROMPT CONSIDERATION OF ANOTHER RAND VALUATION CHANGE FOR THE TIME BEING.

3. FOLLOWING HIS RETURN FROM COMMITTEE OF 20 MEETING, SA FINANCE MINISTER DIEDERICHs COMMENTED TO PRESS THAT FUTURE OF GOLD AS PART OF INTERNATIONAL MONETARY SYSTEM APPEARS ASSURED. HE SAID THAT IT CLEAR FROM TALKS THAT "IF GOLD WERE EVER TO PLAY A LESS IMPORTANT ROLE IN WORLD FINANCE, THEN IT WOULD BE A GRADUAL PHASING OUT AND NOT A RAPID WITHDRAWAL." DIEDERICHs ADDED THAT NO DECISION WAS TAKEN BY THE COMMITTEE ON THE ISSUE OF CENTRAL BANKS BEING ALLOWED TO SELL GOLD ON THE FREE MARKET -- A MOVE THAT WOULD TEND TO DEPRESS THE FREE MARKET PRICE -- BUT THAT HE BELIEVED IF SUCH A MOVE WERE TAKEN, BANKS WOULD NOT ONLY SELL GOLD, THEY WOULD BECOME BUYERS AS WELL.
HURD

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Disposition Authority: garlanwa
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US Department of State
EO Systematic Review
30 JUN 2005

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